NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

4/

PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this, 9 day of MAV	, 2008, by and between
whose address is 6629 Plantation Rd. Fort Worth, Texas 76140	as Lessor,
and, <u>DALE PROPERTY SERVICES</u> , <u>L.L.C.</u> , <u>2100 Ross Avenue</u> , <u>Suite 1870 Dalias</u> <u>Texas 75201</u> , as Lessee. All printed portions of this lease v hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusivel described land, hereinafter called leased premises: 	
BLOCK, OUT OF THE Carriage Hill - Frest Hill ADDITION, AN ADDITION At the Country of the Country of the Certain I IN VOLUME 355-34, PAGE 27 OF THE PLAT RECORDS OF TARRANT COUNTY.	N TO THE CITY OF PLAT RECORDED
in the County of <u>Tarrant</u> , State of TEXAS, containing <u>201</u> gross acres, more or less (including any interests therein which Lessor reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocar substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the afor Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually remaining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually remaining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually remaining the amount of any shut-in royalties hereunder.	arbon and non hydrocarbon, carbon dioxide and other or small strips or parcels of aforementioned cash bonus, so covered. For the purpose
2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of \underline{Five} (5)years from the date hereof, and or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease effect pursuant to the provisions hereof.	d for as long thereafter as oil se is otherwise maintained in
3. Royallies on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and separated at Lessee's separator facilities, the royalty shall be Twchty-Five (25%) of such production, to be delivered at Lessee's option to L. Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at then prevailing in the same field, then in the nearest field in which there is such a prevail similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twcnty-Five realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the civility of the production of semilar quality in the same field, for if there in so such price then prevailing in the same field for the valorem of the provision of similar quality in the same field for if there in no such price then prevailing in the same field, then in the is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the lessed premises or lands pooled ther producting oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such we no production there from is not being sold by Lessee, then Lessee one dollar per acre then covered by this lease, such payment to be made to Lessor's rotellar to the lesses of such paying quantities for this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there with, no shut-in oryalty shall be due until the end of she of 90-day period while the well or wells are shut-in oryalty shall be consecutive days such well or wells are shut or production there with, no shut-in ro	Lessor at the wellhead or to at the wellhead market price alling price) for production of ye (25%) of the proceeds costs incurred by Lessee in production at the prevailing a nearest field in which there hich Lessee commences its erewith are capable of either well or wells are either shutter the purpose of maintaining as shall pay shuttin royalty of or before the end of said 90-me from is not being sold by its on the leased premises or Lessee's failure to properly or its successors, which shall in currency, or by check or by yor to the Lessor at the last eason fail or refuse to accept agent to receive payments. Ited 'dry hole") on the leased a revision of unit boundaries a maintained in force it shall eithing or restoring production seation of all production. If at illing, reworking or any other berations are prosecuted with hereby, as long thereafter as paying quantities hereunder, ame or similar circumstances in erewith, or (b) to protect the ordill exploratory wells or any
additional wells except as expressly provided herein. 8. Lessee shelf have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands of depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Les proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such of unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 680 acres plus a maximum acreage loterance of 10%; provided that a larger unit may be formed for an oil we completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental author prescribed, "oil well" means a well with an initial gas-oil ratio of tess than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of tess than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of tess than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of tess than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of tess than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of tess than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of tess than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of the feet per barrel and "gas well" means a well with an initial gas-oil ratio of the feet per barrel and "gas well" means a well with an initial gas-oil ratio of the feet per barrel and "gas well" means a well with an initial gas-oil ratio of the feet per barrel and "gas well" mean	other lands or interests. The other lands or interests. The 10%, and for a gas well or a l well or gas well or a l well or gas well or horizontat on to do so. For the purpose nority, or, if no definition is so gas-oil ratio of 100,000 cubic acilities or equivalent testing facilities or equivalent testing reservoir exceeds the vertical the effective date of pooling, it were production, drilling or otal unit production which the of unit production is sold by ot the obligation to revise any ell spacing or density pattern the governmental authority. In the extent any portion of the ble hereunder shall thereafter rate the unit by filing of record ts.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter separately in proportion to the interest which each owns. It bessee transfers its interest hereunder in whole or in part Lessee shall be relieved of an obligations thereasters arising with respect to the transferred interest, and failure of the transferree to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of

the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unlitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any day, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises escribed in Peragraph 1 above, notwithstanding any partial releases or other partial termination of this lease, and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be Localed less than 200 feet from any house or barn mov on the leased premises or such other lands during the lessee or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises or the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or

other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until

Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

operations

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor

LESSOR (WHETHER ONE OR MORE)

By Ozell Birk.

Ellen 7 Birks

ACKNOWLEDGMENT

STATE OF Texas COUNTY OF Tarrant

This instrument was acknowledged before me on the 9 day of May, 2008, by: 12e/1 TSirKs

JOE N. SCOTT Notary Public, State of Texas My Commission Expires February 24, 2010

Notary Public, State of Texas Notary's name (printed): Notary's commission expires:

STATE OF Texas COUNTY OF Tarrant

This instrument was acknowledged before me on the ______day of /////____, 2008, by:

Ellen F. Firks

JOE N. SCOTT Notary Public, State of Texas My Commission Expires February 24, 2010

Notary Public, State of Texas Notary's name (printed): Notary's commission expires:



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.

D208203586

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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